

Instruction Template: *Italic font style throughout this document indicates a description for each policy section. This indicates the INTENT of the section. Standard font style indicates actual template language.*

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF INVESTMENT POLICY**

**FOR
[POLICY NAME]**

[Policy Subcommittee Meeting Date]

This policy is effective immediately upon adoption and supersedes all previous [policy name] policies.

I. PURPOSE

Intent: This paragraph provides for a consistent introduction to the policy. It also states a broad investment philosophy that is generally applicable to all policy situations.

The CalPERS Total Fund Statement of Investment Policy, adopted by the CalPERS Investment Committee, sets forth CalPERS' overarching investment purposes and objectives with respect to all its investment programs.

This document sets forth the investment policy ("Policy") for the [Program/Portfolio/Fund]. The design of this Policy ensures that investors, managers, consultants, or other participants selected by the California Public Employees' Retirement System ("CalPERS") take prudent and careful action while managing the [Program/Portfolio/Fund]. Additionally, use of this policy assures sufficient flexibility in controlling investment risks and returns associated with this segment of [Program/Portfolio/Fund].

II. STRATEGIC OBJECTIVE

Intent: This section is intended to succinctly state the outcome resulting from the application of this policy.

The [Program/Portfolio/Fund] shall be managed to accomplish the following:

III. RESPONSIBILITIES

Intent: This section describes responsibilities of all parties associated with the application, implementation, and reporting associated with the policy. Parties having responsibility may differ with each policy. All parties having decision-making authority or other significant responsibilities pursuant to this policy should be included in the Responsibilities section.

However, this section does not contain “delegations of authority”. Delegations are found in the master consolidated delegations for each asset class or program.

- A. CalPERS' Investment Staff (“Staff”) is responsible for the following:
1. All aspects of portfolio management including monitoring, analyzing, and evaluating performance relative to the appropriate benchmark.
 2. Reporting to the Committee [fill in how often] and more if needed about the performance of the [Program/Portfolio/Fund].
 3. Monitoring the implementation of, and compliance with, the Policy. Staff shall report concerns, problems, material changes, and all violations of Guidelines and Policies immediately and in writing to the Investment Committee. These reports shall include explanations of the violations and appropriate recommendations for corrective action.
- B. The [identify consultant] Consultant (“Consultant”) is responsible for:
1. Monitoring, evaluating, and reporting periodically, to the Committee, on the performance of the [Program/Portfolio/Fund] relative to the benchmark and Policy.
- C. The External Manager (“Manager”) is responsible for all aspects of portfolio management as set forth in each Manager’s contract with CalPERS and shall fulfill the following duties:
1. Communicate with Staff as needed regarding investment strategy and investment results. The Manager is expected to monitor, analyze, and evaluate performance relative to the agreed upon benchmark.
 2. Cooperate fully with CalPERS’ Staff, Custodian, and [identify consultant] Consultant concerning requests for information
- D. [Other]

IV. PERFORMANCE OBJECTIVE AND BENCHMARK

Intent: To state concisely the impact of the policy on the [Program/Portfolio/Fund] performance when applicable. State the benchmark against which performance will be measured.

Use specific benchmarks where applicable. Performance may be stated in terms of risk control and return. If a specific benchmark does not apply, please state the general benchmark. An example of a specific benchmark is “one year U.S. Treasury Bills + 5%”. An example of a performance objective or general benchmark is “enhance the expected return of CalPERS”.

There are potential policy situations where there are no performance objectives or benchmarks associated with the policy. In those instances, describe the [Program/Portfolio/Fund] performance objectives associated with implementation of the policy. If this does not apply, please indicate N/A

A. The benchmark for [Program/Portfolio/Fund] is []

V. INVESTMENT APPROACHES AND PARAMETERS

Intent: To fully describe how the policy will be applied and implemented. Describes how the policy will be implemented as well as any limitations that serve to define the scope and breadth of the policy.

The provisions of this section may describe the following:

- General Statement of Approach
- Strategies
- Management Activities
- Restricted Approaches (e.g., tobacco stocks in the index fund)

VI. CALCULATIONS AND COMPUTATIONS

Intent: To ensure a consistent methodology for calculations and computations across policy and asset classification.

Investors, managers, consultants, and other participants selected by CalPERS shall make all calculations and computations on a market value basis as recorded by CalPERS' Custodian.

[Modify, as needed]

VII. GLOSSARY OF TERMS

Key words used in the policy are defined in CalPERS' Master Glossary of Terms.

If there are no glossary terms associated with the policy, include the following statement:

There are no master glossary terms contained in this policy.

History will be listed at the bottom of the policy by the Policy Coordinator and updated as needed.